

Title: Tibajia Spouses vs. Eden Tan: A Case of Legal Tender in Debt Payment

Facts:

The case revolves around a legal dispute between the petitioners, Norberto and Carmen Tibajia, and the respondent, Eden Tan, concerning the payment of a sum of money judgment. Here is a detailed play-by-play of the events leading to the Supreme Court's involvement:

- **Initial Proceedings:** Eden Tan filed a suit for the collection of money (Civil Case No. 54863) against the Tibajia spouses. The trial court issued a writ of attachment, and funds of the Tibajia spouses were garnished.
- **Trial Court Decision:** On March 10, 1988, the trial court ruled in favor of Tan, mandating the Tibajia spouses to pay an amount exceeding PHP 300,000. The Court of Appeals later modified this to reduce the awarded moral and exemplary damages.
- **Execution of Judgment:** After the decision became final, Tan sought the execution of the judgment. The Tibajias made a payment comprising a cashier's check and cash, totaling the amount due. Tan refused this payment, demanding instead the garnished funds.
- **Motion to Lift Writ of Execution:** The Tibajias' motion on this ground was denied by the trial court, asserting that payment via cashier's check wasn't in legal tender and the payment was made by a third party.
- **Appeal to Court of Appeals:** The Tibajias filed for certiorari, prohibition, and injunction against the trial court's order, which the Court of Appeals dismissed, affirming that a cashier's check is not considered legal tender under Republic Act No. 529.

Issues:

1. Whether a cashier's check tendered by the petitioners for payment of the judgment debt constitutes "legal tender."
2. Whether the respondent can validly refuse the tender of payment partly in check and partly in cash by the petitioners for the satisfaction of the monetary obligation.

Court's Decision:

The Supreme Court denied the petition, affirming the appellate court's decision. It reiterated its stance from previous rulings that a check, including a cashier's check, is not legal tender and creditors can refuse payment by check. The Court detailed that legal statutes, including Article 1249 of the Civil Code, Republic Act No. 529, and Section 63 of the Central Bank Act, do not recognize checks as legal tender for the discharge of debts.

Doctrine:

- A check is not legal tender and creditors have the discretion to refuse acceptance of checks in payment of debts. The relevant laws stipulate that obligations should be discharged in the currency which is legal tender in the Philippines.

Class Notes:

- **Legal Tender:** Refers to currency that may be legally offered in payment of a debt and which a creditor cannot refuse.
- **Relevant Statutes:** Article 1249, Civil Code; Republic Act No. 529; Section 63, Republic Act No. 265.
- **Payment of Debts:** Must be made in the currency stipulated, or if not possible, in the currency which is legal tender in the Philippines. Checks do not qualify as legal tender under Philippine law.
- **Checks vs. Cash:** The acceptance of checks is at the option of the creditor, as checks do not possess legal tender power for the settlement of public and private debts.

Historical Background:

This case highlights the strict interpretation of legal tender laws in the Philippines and reinforces the distinction between checks (including cashier's checks) and cash (or currency) in the context of satisfying monetary obligations. The ruling is consistent with the legal framework designed to ensure the stability and integrity of monetary transactions, underscoring the preference for actual currency as the medium for discharging debts. This judgement serves as a pivotal reminder of the controls and limitations placed on non-cash methods of payment in legal and financial transactions within the country.